

# FISCAL NOTE

**Bill #:** SB 534

**Title:** Implement regional mental health  
Managed care process

**Primary  
Sponsor:** Bob Keenan

**Status:** As introduced

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Sponsor Signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

**FY2000  
Difference**

**FY2001  
Difference**

**Net Impact on General Fund Balance:** None

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<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact		X	Technical Concerns
X		Included in the Executive Budget		X	Significant Long-Term Impacts

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## Fiscal Analysis

### ASSUMPTIONS:

1. There is no request for additional funding. The Department of Public Health and Human Services (DPHHS) will operate the mental health program within the budget as appropriated.
2. If the federal waiver is cancelled, it will be necessary to return temporarily to a fee-for-service system in FY00. It is expected that a regional, capitated, managed care system of service delivery will be implemented by FY01.
3. During an interim period, until a regional managed care system is established and contracts awarded, it will be necessary to contract for utilization review and service authorization and claims and reporting systems functions. The utilization review and authorization services and system start-up costs will be funded at 50% general fund and 50% federal funds. It is estimated that the total utilization review and authorization functions will cost approximately \$900,000 total funds during FY00 (\$450,000 general fund). System start-up costs are estimated to cost \$200,000 total funds (\$100,000 general fund). Claims processing and reporting will be funded at 25% general fund and 75% federal funds. It is estimated that annual claims processing costs will total \$2,011,440 (\$502,860 general fund).

(continued)

4. It is anticipated that the department will establish enhanced consumer involvement in the oversight of the mental health delivery system. The enhanced involvement would include: consumer, family, and provider education; increased consumer involvement in consumer satisfaction surveying and focus groups; and an ombudsman in the Addictive and Mental Disorders Division to coordinate consumer involvement activities. Estimated costs for enhanced consumer involvement is \$250,000.
5. If it will be necessary to operate during the interim without a federal 1915 waiver, it is expected that some current services (such as crisis intervention, foster care, group care, and respite) that are paid for with a mix of federal and state funds will need to be paid with general funds only. These services are not traditionally allowable under a fee-for-service system. The general fund cost is projected to be \$1,284,448.
6. It is expected that it will be necessary to reduce services in order to stay within the appropriation level for the program. Currently it is anticipated that it will be necessary to eliminate community hospital inpatient services. This saving would be approximately \$2,922,153.
7. Even with the elimination of the community hospital inpatient services, the state will continue to expend an additional \$351,183 general fund in FY00 as the cost of risk assumption for going from a capitated risk-based managed care system to a fee-for-service system for the interim plan.
8. The net increase in costs with the operation of assumptions 2-7 above during the interim period will be negligible. When the new managed care system is implemented in FY01 the cost of mental health care will be contained within the amounts appropriated in HB2.

TECHNICAL NOTES:

1. An amendment revising MCA, 53-1-413, to allow Medicaid federal funds recovered at Montana State Hospital and the Montana Mental Health Nursing Care Center to be expended for operational expenses will be necessary.